

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

IN RE:  MIDAMERICAN ENERGY COMPANY	DOCKET NO. GCU-01-1
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**FINAL DECISION AND ORDER**

(Issued March 8, 2002)

**STATEMENT OF THE CASE**

On October 15, 2001, MidAmerican Energy Company (MidAmerican) filed with the Utilities Board (Board) an application pursuant to Iowa Code chapter 476A for a generating-facility certificate to construct and operate a 540 MW combined-cycle, natural gas fueled, combustion turbine. The proposed facility is called the Greater Des Moines Energy Center (GDMEC) and is located at 3200 S.E. 45<sup>th</sup> Street, Pleasant Hill, Polk County, Iowa. On November 13, 2001, MidAmerican filed additional information, including a system impact study submitted to the Mid-Continent Area Power Pool (MAPP) associated with MidAmerican's request to interconnect the proposed facility with the transmission grid. MidAmerican held the informational meeting required by 199 IAC 24.7 on August 23, 2001, in Pleasant Hill, and proof of publication of notice of the meeting was filed.

On November 29, 2001, the Board docketed MidAmerican's application and established a procedural schedule. The order also required MidAmerican to file

additional information regarding the application, including details supporting MidAmerican's conclusion that GDMEC will improve the local delivery system in the greater Des Moines area. MidAmerican filed the requested additional information on December 14, 2001. The November 29 order also granted MidAmerican's request for a waiver of any rules in 199 IAC chapter 24 that would be superceded by new siting rules proposed in Docket No. RMU-01-7. The Board denied MidAmerican's request for a complete waiver of the siting statutes and rules.

Notice of the filing was mailed to all owners and lessees of real property located within 1,000 linear feet of the proposed site pursuant to Iowa Code § 476A.4(2)"c" (2001 Supp.), as listed in MidAmerican's application. In accordance with Iowa Code § 476A.4(3), notice was published and proof of publication filed.

There are four other parties to this proceeding: the Consumer Advocate Division of the Department of Justice (Consumer Advocate), Interstate Power and Light Company f/k/a IES Utilities Inc. and Interstate Power Company (Interstate Power), Hawkeye Generating, L.L.C. (Hawkeye), and CPV Highlands, L.L.C. (CPV).

MidAmerican filed the testimony of four witnesses with its application. None of the other parties filed testimony or objections to the application. On February 7, 2002, MidAmerican filed a motion to cancel the hearing scheduled for February 20, 2002. None of the other parties objected to the motion, and on February 15, 2002, the Board issued an order canceling the hearing and setting a briefing schedule. The Board cancelled the hearing because no one had questions on cross-

examination for MidAmerican's witnesses. With its February 7 motion, MidAmerican also filed several minor corrections to its initial testimony.

MidAmerican filed an initial brief on February 21, 2002. In its cover letter accompanying the brief, MidAmerican said it had been authorized by the other parties to inform the Board that they did not intend to file initial briefs. No reply briefs were filed.

### **DISCUSSION OF THE EVIDENCE**

The proposed GDMEC will be 540 MW nameplate combined cycle electric generating plant. The facility will be built on a site owned by MidAmerican that was formerly the Des Moines Power Station. The prime sources of electricity generation will be two combustion turbines that will produce a combined 350 MW.

Approximately 190 MW of output will be produced by a steam turbine, which utilizes steam produced in two heat-recovery steam generators associated with the combustion turbines. MidAmerican plans to begin construction in the spring of 2002 and have the two combustion turbines in service by summer of 2003. The remainder of the plant would be completed by the summer of 2005.

MidAmerican's filing maintains that GDMEC will provide positive benefits to MidAmerican's customers. The five primary benefits are: 1) adding 540 MW of nameplate capacity to assist MidAmerican in meeting its projected need for an additional 736 MW by 2005; 2) placing the generation in the immediate vicinity of MidAmerican's major load center, greater Des Moines, an area that is heavily

dependent on transmission facilities; 3) adding generation in an area that will ease transmission constraints in central Iowa; 4) bolstering voltage support in greater Des Moines; and 5) adding to the black-start capability in greater Des Moines. Black-start capability means the generating facility can be independently restarted and used to restore service to MidAmerican's system in the event of a widespread outage on the area's transmission grid. (Stevens Testimony, as corrected, pp. 3-14; Application, Section 1.8).

MidAmerican also points out the economic benefits provided by GDMEC. During the peak construction period, MidAmerican said the project will generate 400-500 jobs, approximately \$62 million in local expenditures, and payroll of approximately \$34 million. When completed, the plant will employ about 24 persons full-time and pay approximately \$2.7 million in annual taxes from both the generating plant operation and natural gas delivery. No testimony or other evidence was filed refuting the allegations MidAmerican made in its application and accompanying testimony.

### **ANALYSIS**

Iowa Code chapter 476A (Supp. 2001) is the applicable chapter dealing with electric power generating certificates. 2001 Iowa Acts, House File 577, significantly amended this chapter. Among other things, House File 577 changed the decision criteria the Board examines in a certification or siting proceeding.

Prior to the enactment of House File 577, Iowa Code § 476A.6 listed six criteria for the Board to examine in determining whether to issue a generating certificate. Three of the criteria only applied to public utilities. These three criteria were whether the a public utility had 1) a comprehensive energy management plan, 2) considered sources of supply from either purchase of electricity or investment in facilities owned by others, and 3) considered all feasible alternatives to the proposed facility including nongeneration alternatives.

The other three criteria applied to all applicants. The first criterion was that the proposed facility is required by the present or future public convenience, use, and necessity. The second criterion was that the applicant was willing to abide by the terms of the certificate. The final criterion applying to all applicants was that the proposed facility would cause minimum land use, environmental, and aesthetic impact.

House File 577 eliminated the criteria applying only to public utilities and modified the criteria applicable to all applicants. Now, there are three decision criteria and those criteria apply to both to public utility and non-public utility applicants. The decision criteria in Iowa Code § 476.6 (2001 Supp.) are:

1. The services and operations resulting from the construction of the facility are consistent with legislative intent as expressed in section 476.53 and the economic development policy of the state as expressed in Title I, subtitle 5, and will not be detrimental to the provision of adequate and reliable electric service.

2. The applicant is willing to construct, maintain, and operate the facility pursuant to the provisions of the certificate and this subchapter.

3. The construction, maintenance, and operation of the facility will be consistent with reasonable land use and environmental policies and consonant with reasonable utilization of air, land, and water resources, considering available technology and the economics of available alternatives.

The first criteria provides for the Board to examine three things: legislative intent expressed in Iowa Code § 476.53 (2001 Supp.), economic development policy as expressed in Title I, Subtitle 5, and whether the facility will be detrimental to the provision of adequate and reliable electric service. The proposed facility is consistent with the legislative intent expressed in Iowa Code § 476.53 (Supp. 2001). This section provides, in part, that:

It is the intent of the general assembly to attract the development of electric power generating and transmission facilities within the state in sufficient quantity to ensure reliable electric service to Iowa consumers and provide economic benefits to the state.

The GDMEC will make a significant contribution to economic development. Not only is the provision of adequate and reliable electric service a key component of the state's infrastructure, but also GDMEC will generate 400-500 jobs at the peak of construction as well as provide permanent employment and tax revenue. MidAmerican has established that construction and operation of the facility is consistent with the economic development policy of the state.

MidAmerican has also established that the proposed facility will not be detrimental to the provision of adequate and reliable electric service. The facility adds significant generation in the immediate vicinity of MidAmerican's major load center. In addition, this new generation will help address voltage support needs and add additional black-start capability that can be used to restore MidAmerican's system in the event of a widespread outage on the transmission grid in the region.

While this is the Board's first decision using the new decision criteria, it is apparent that one of the most important determinations for the Board to make under the first criterion will be the impact of the generation facility on area transmission facilities. Here, not only is there no negative impact, but in fact the added generation will allow MidAmerican to ease recent transmission constraint problems. On December 12, 2001, the Mid-Continent Area Power Pool (MAPP) design review subcommittee unanimously approved the interconnection of GDMEC to the transmission system. No further MAPP approval is required and MidAmerican has agreed to build system improvements required by the committee. MidAmerican has satisfied the first criterion.

MidAmerican has consistently expressed its willingness to comply with the provisions of a certificate and the requirements of Chapter 476A. MidAmerican's assertions were not challenged and therefore MidAmerican has satisfied the second statutory criteria. (Alexander Testimony, pp. 13-14).

The third criterion deals with land use and environmental impacts. The proposed addition is being constructed on land owned by MidAmerican. The land

used to be the site of a coal-fired electric generation plant. The site today primarily consists of a vacant field of weeds. Due to the design of the facility and quality of the site, the GDMEC can be constructed, maintained, and operated without significant detrimental land use impacts. (Guyer Testimony, p. 11). No landmarks of historic, religious, archeological, scenic, natural, or other cultural significance are located within one mile of the site. The GDMEC complies with applicable local zoning requirements. (Application, Section 2.3). MidAmerican will also have to obtain building and occupancy authorizations from the City of Pleasant Hill. (Alexander Testimony, p. 14; Guyer Testimony, p. 5).

The environmental portion of the third criterion is similar to that under the prior law. With respect to environmental matters, the Board has traditionally deferred to the Iowa Department of Natural Resources (IDNR) and found that issuance of applicable air quality, wastewater, and other necessary environmental permits by the IDNR establishes compliance with this criteria. MidAmerican has already obtained U.S. Army Corps of Engineers letters of approval regarding construction within flood control easements and the fact the site contains no jurisdictional wetlands. (Application, Section 2.2, Table 2.2-1). However, because all appropriate pre-construction permits have not been issued, a generating certificate cannot be issued. Iowa Code § 476A.5(1). Therefore, only a conditional finding of compliance with the third criterion can be made. A certificate for the generating unit will not be issued until MidAmerican notifies the Executive Secretary of the Utilities Board that all appropriate pre-construction permits have been issued. No additional hearing is



required and the Board will issue the actual generating certificate subsequent to this notification.

MidAmerican has assured the Board throughout this proceeding that it will meet all permit and licensing requirements of the various regulatory agencies that have jurisdiction over the construction, maintenance, and operation of GDMEC. (Alexander Testimony, p. 5). MidAmerican also stated it would not begin construction or operation of GDMEC without first obtaining the necessary permits and approvals. (Guyer Testimony, p. 5). Advance site preparation work, however, can commence immediately with the issuance of this decision. Iowa Code § 476A.9 (2001).

### **FINDINGS OF FACT**

1. It is reasonable to conclude that the proposed facility will, among other things, increase generation available to MidAmerican's ratepayers, ease transmission constraints, create temporary and permanent jobs, and increase the local tax base such that it is consistent with Iowa's energy and economic development policies.

2. It is reasonable to expect that MidAmerican will comply with any and all provisions of a certificate authorizing construction, operation, and maintenance of the proposed facility.

3. It is reasonable to conclude the proposed facility will have minimal land use and environmental consequences, considering available technology and the economics of available alternatives.

4. It is reasonable to conclude that if final pre-construction permits are issued, the proposed facility will satisfy air quality and wastewater standards and have minimal environmental and land use consequences.

### **CONCLUSIONS OF LAW**

1. The Utilities Board has jurisdiction of the parties and the subject matter of this proceeding pursuant to the provisions of Iowa Code chapter 476A (Supp. 2001).

2. MidAmerican Energy Company, subject to the issuance of final pre-construction permits, has met the three statutory criteria contained in Iowa Code § 476A.6.

### **ORDERING CLAUSES**

#### **IT IS THEREFORE ORDERED:**

1. Pursuant to Iowa Code chapter 476A (Supp. 2001), MidAmerican Energy Company's application for a certificate to construct and operate a generating unit is granted, subject to final pre-construction permits being issued. A certificate will be issued once MidAmerican notifies the Board that final pre-construction permits have been issued. This order is the final decision of the Utilities Board in Docket No. GCU-01-1.

2. The Utilities Board retains jurisdiction of the subject matter in this docket to the extent provided in Iowa Code chapter 476A.

**UTILITIES BOARD**

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper  
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 8<sup>th</sup> day of March, 2002.